

Varied Factors Affect Shrimp Prices, Sales

Spanish Study Finds Wild Sourcing, Brands Key To Consumer Choices



Size, form, brand and origin all affect the value of prawn products. Photo by Cesar Alceste.

Summary:

In a review of hundreds of prawn sales offerings, four factors were found to help prawns obtain above-average prices in the Spanish market. The most relevant was wild origin, which caused significant price increases in almost all cases. Brand was the second most important factor contributing to higher prices. Larger prawns with higher prices were preferred over smaller prawns. Although less important, fresh or defrosted prawns drew higher prices than frozen prawns.

Pricing is one of the most important processes in business management. Prices not only determine firms' revenues and profits, but are a very powerful marketing tool with effects in the short term. Price levels affect demand and the amounts of product that will be sold at any moment. They also guide consumers in forming their quality expectations while making purchases. Appropriate pricing secures a stable demand for a product, improves company profits and reduces financial risks.

When promoting offerings and sales, retail chains highlight special prices for

products in high demand with the aim of attracting a large number of consumers to their outlets. These promotions may increase sales of the referred products, but can also affect their image, perceptions and value. Some products face the risk of being identified as lower-quality bargains and can be difficult to sell at higher prices.

It is assumed that post-farm prices are set by the retail demand for the commodities. Thus, securing minimum prices at the end user level results in more stable incomes for producers. Since promotional sales are a common practice across retail chains, it can be useful to know which factors help products maintain a minimum price, even though special offerings.

Prawn Sales

Prawns are frequently advertised in retail chains' sales. These food products therefore experience cuts in their retail prices that reduce retailers' profits and, by extension, could drive farmers' and fishermen's incomes to lower levels.

Producer and processor interests naturally point to those factors that allow the benefits of larger sales of prawns without resulting in significant price reductions. In a review, the authors studied how sales price decisions made by retailers related to differentiating attributes that resulted in prawn prices above the average.



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Survey Factors

Between October 2008 and March, 371 sales offerings of prawns were recorded from promotional bulletins for three hypermarkets and four supermarkets in Spain. The market chains operated at regional and national levels. Some of the recorded sales, especially those at the hypermarkets, covered the full country, and those for regional chains provided a good proxy for the prices in other areas of Spain.

The information provided in the bulletins highlighted different attributes of the products. For almost all the observed sales, brand (if applicable), size, treatment and boiled or raw status were the most common attributes. Species name and whether the prawns were wild harvested were less common, but received enough observations to include both factors in the analysis.

All these factors were expected to affect prices in some way. The average price was found to be 10.7 €/kg for a common size of 40 shrimp/kg. Prawn sales were more common at hypermarkets than at supermarkets, and about 50% of total sales promoted branded products, whether processors' or retailers' brands.

Frozen prawns were the most usual form, and a bit less than half of the total observed sales were of boiled prawns. Spe-

Table 1. Observations and pricing factors.

Average price	10.71 €/kg
Average size	40 pieces/kg
Sales at hypermarkets	232 (62.5%)
Branded	198 (50.9%)
Frozen	240 (64.7%)
Boiled	175 (47.2%)
Indication of species	76 (20.5%)
Wild harvest	60 (16.2%)

Table 2. Model factors and results.

	B	Wald.	Sig.
Constant	5.202	24.435	0
Hypermarket	-0.568	0.910	0.340
Size	-0.197	54.513	0
Frozen	-1.208	3.755	0.053
Boiled	0.180	0.114	0.736
Branded	2.845	30.130	0
Species	0.055	0.011	0.917
Wild	4.078	34.501	0

cies were identified in 20% of the sales, and wild sourcing was identified in only 16 of every 100 sales, due to the large amount of farmed product available in the markets (Table 1).

A logistic regression model with price as a dependent variable was tested to see which of the available factors contributed to raising prices above the average.

Results

With a high level of measured confidence, the results of the modeling found price was not a significant factor if the prawns were offered at a hypermarket or a neighborhood supermarket. Whether the prawns were sold raw or boiled also did not cause difference in general price levels.

Species did not seem to be a matter of preference, as prices did not change significantly when this was indicated. Black tiger prawns had higher prices than the rest of the sales, but the frequency of this species was very low compared to that of the common prawns, Pacific white shrimp and banana prawns indicated in the survey, so the effects disappeared when included in the overall model (Table 2).

Fresh or defrosted prawns were preferred over frozen. However, this was a less influential factor. Size was more relevant than storage conditions, indicating that prices – and consumer preferences – rose for larger sizes.

Brands, including retailers' private brands, were also relevant and contributed to higher prices than those for unbranded sales in the majority of the observed cases. As for other species with large farmed supplies, wild harvest was the factor that contributed to the most relevant rise in price for Spanish consumers.

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